

The Code Officer's Perspective On Flood Insurance

Last years hurricane season had no direct impact on Maine but there were a number of lessons we all could take away from the tragedy of the storms.

One of the chief lessons for both homeowner and renters: Consider getting flood insurance.

There are two facts most people are not aware of: Floods occur in all 50 states. And most homeowners insurance does not cover flood damage.

Here's yet another fact: The Atlantic hurricane season begins June 1. It's important to remember that date because flood insurance requires a 30 day waiting period to take effect. That means if you have damage from a flood, your policy needs to have been in effect 30 days before the damage, or you are not covered.

Only half of homeowners living in some of the most flood-prone areas of the United States buy flood insurance, leaving millions of families at risk for severe financial losses when floods strike, according to a report released this year by the Rand Corporation, a nonprofit research organization.

Forecaster say this hurricane season could be as destructive as 2005. The general trend in weather patterns is to more storms and storms of greater strength compared to what we had experienced in the 30 years prior to 2000.

For most homes, apartments and businesses, the only insurance protection against damage from rising waters is flood insurance underwritten by the National Flood Insurance Program. This program is greatly underused even though flooding is a major source of loss throughout the United States according to the Rand study.

Most homeowners who buy flood insurance do so because they are required to by their mortgage lender. This is done because the structure has already been determined to be in an area considered most vulnerable to flooding the study found. Just 20 percent of homeowners living in the most flood-prone areas when they are not required to, the study found.

One reason many people don't buy flood insurance is simple: They don't think they need it, according to Lloyd Dixon lead author of the Rand study.

Somewhat surprising, 25 percent of all claims paid by the NFIP are for policies in low to moderate risk communities according to the Federal Emergency Management Agency.

If you don't live in an area of high risk, you can expect to pay as much as \$112 a year for a policy which would cover about \$20,000 in building damage and \$8,000 in contents. You have the option of selecting coverage in a range of yearly premium amounts. For example, for \$180 a year, you can get \$50,000 in building coverage and \$20,000 in content coverage. If you want more coverage you can expect to pay as much as \$317 a year for \$250,000 worth of building coverage and \$100,000 in content coverage. That's \$26 per month or about 2 movie tickets with popcorn and soda.

Something else you should know – flood insurance does not cover improvements to a basement, such as finished walls, floors, carpeting and personal belongings. It does cover your home's foundation. Functional items in your basement are covered under the building portion of your flood policy such as plumbing, furnace, water heater and circuit breaker panels.

Other limited items, such as a washer and dryer are covered under your policy's contents coverage which must be purchased in addition to building coverage.

Even with its limitations, flood insurance is worth getting. Bangor participates in the NFIP. You can purchase flood insurance from a licensed private insurance company or through an independent property and casualty insurance agent. FOR MORE INFORMATION ON FLOOD INSURANCE, go to www.floodsmart.gov